

JOINT CITY OF REPUBLIC-FERRY COUNTY HOUSING AUTHORITY
Ferry County, Washington
January 1, 1993 Through December 31, 1994

Schedule Of Findings

1. The Housing Authority Should Transfer All Moneys To The Authority's Treasurer And Pay Only Expenses Audited By The Authority's Auditor And Approved By The Authority's Board Of Directors

The Joint City of Republic-Ferry County Housing Authority accepted the San Poil Plaza project from the Ferry County Memorial Housing Association, a nonprofit corporation. The project was financed by two loans from United States Department of Agriculture - Farmers Home Administration (FmHA), which the housing authority assumed. The project was managed, and continued to be managed, by a management company which specializes in FmHA projects. The management company collects all rents, pays all necessary maintenance costs, prepares the budgets and any other reports required by FmHA and pays the loan payments to FmHA. The housing authority has the right to request any information on the project, but has declined to obtain any information except for the annual budget report.

The revenues of the project have never been submitted to the housing authority's treasurer and the expenses have not been audited by the housing authority's auditor.

The *Constitution of the State of Washington*, Article XI, Section 15) Deposit of public funds states:

All moneys, assessments and taxes belonging to or collected for the use of any county, city, town or other public or municipal corporation, coming into the hands of any officer thereof, shall immediately be deposited with the treasurer, or other legal depository to the credit of such city, town or other corporation respectively, for the benefit of the funds to which they belong.

The *Revised Code of Washington* (RCW) 42.24.080 requires all claims against a municipal corporation to be audited, before payment, by a duly appointed auditing officer.

The housing authority was not aware that the San Poil Plaza funds would need to be processed through the housing authority and the housing authority's treasurer and auditor.

We recommend all funds be transferred to the housing authority's treasurer in accordance with the Washington State Constitution. We further recommend that all expenditures be audited by the housing authority's duly appointed auditing officer prior to disbursement.

2. The Housing Authority Should Obtain Affidavits Of Prevailing Wages On All Public Works

Our audit of the construction project of the Joint City of Republic-Ferry County Housing Authority showed that the authority did not verify that prevailing wages were paid on the Developmental Disability Demonstration Project/Housing Assistance Program construction project funded by a loan from Washington State Department of Community, Trade and Economic Development, Contract No. 5-93-493-3D.

RCW 39.12.040 requires all contractors and subcontractors to submit a "Statement of Intent to Pay Prevailing Wages" prior to disbursement of any funds to the contractor and requires an "Affidavit of Wages Paid," certified by Department of Labor and Industries, prior to the release of retainage when the project is complete.

The housing authority's loan contract requires that the project be undertaken in accordance with the conditions, terms and duties of state law.

By the housing authority not requiring the contractors to submit properly certified affidavits, the housing authority is potentially liable for the difference (if any) between what the workers were paid and what they should have been paid.

RCW 39.12.042 states in part that the housing authority:

. . . shall be liable to all workers, laborers, or mechanics to the full extent and for the full amount of wages due, pursuant to the prevailing wage requirements of RCW 39.12.020.

The housing authority was not aware of the prevailing wage requirements of Chapter 39.12 RCW.

We recommend that the housing authority require appropriate prevailing wage documentation on all public works projects.